

Tab 5

TRACK A COMPLIANCE

CLECs in Tennessee

TRACK A

BellSouth's satisfaction of Track A in Tennessee is clear. There are at least 35 facilities-based providers in Tennessee. Among the many facilities-based providers in Tennessee with whom BellSouth has an interconnection agreement are AT&T, Birch Telecom, Knology, MCI, NewSouth Communications, and US LEC, each of which independently satisfies the requirements of Track A. Attached is a list of CLECs certified by the TRA in Tennessee.

Moreover, CLECs competing in Tennessee are providing local telephone exchange service to residential and business subscribers exclusively or predominantly over their own facilities. Facilities-based CLECs operating in Tennessee serve at least 17,000 residential access lines and at least 291,000 business access lines in the state. Overall, BellSouth estimates that CLECs provide local service to at least 334,000 (and probably closer to 378,000) access lines. These numbers represent at least 30.1% of the business market, 2.2% of the residential market, and 11.6% of the total access lines in BellSouth's territory in Tennessee.

	<u>OTE: Revisions this report are BOLD ITALICIZED</u>				CCN APPLICATION	
	COMPANY (CTSP)	CORPORATE AFFILIATIONS	SERVICES	DOCKET NO.	FILED	APPROVED
1	1-800-RECONEX		Full Range of Services	01-00337	04/16/01	
2	3RDWIRE, Inc.		Full Range of Services	00-00929	10/16/00	
3	360networks(USA), Inc.		Full Range of Services	00-00860	09/28/00	02/22/01
4	Access Integrated Networks, Inc. (AIN)		Full Range of Services	99-00644 01-00075	09/01/99	11/30/99
5	Access Point, Inc.		Full Range of Services (Facility-based)	00-00783 02-00624	09/07/00	07/11/01
6	AccuTel of Texas d/b/a 1-800-4-A-PHONE		Full Range of Services	99-00921 01-00892	11/16/99	01/10/01
7	Adelphia Business Solutions of Nashville	Subsidiary of Adelphia Cable Comm. Corp. General Partner: Viacom Telecom, Inc., owned by Viacom, Inc. Limited Partner: Robin Media, owned by Intermedia Partners t/w/a Hyphenon of TN	Full Range of Services	94-00661 97-00983	03/03/94	08/24/95
8	Adelphia Business Solutions Operations	t/w/a Hyphenon Communications of Tennessee	Full Range of Services	98-00732 99-00541	10/15/98	09/15/99
9	Aeneas Communications, LLC		Full Range of Services	99-00415 00-00479	06/10/99	09/15/99
10	Al EC, Inc.		Full Range of Services	98-00599 99-00383	08/31/98	04/13/99
11	Allied Riser of Tennessee	02/02 Transfer to COGENT Communications Group, Inc. (02-00068) 08/02 Transfer to COGENT Communications of TN, Inc. (02-00881)	Full Range of Services	00-00128	02/15/00	03/21/01
12	American Fiber Systems, Inc.		Full Range of Services	00-00988	10/31/00	01/10/01
13	AT&T Communications of South Central States	AT&T Corporation	Full Range of Services	95-02790 00-00992	07/24/95	10/13/95
14	BellSouth BSE, Inc.	BellSouth	Full Range of Svcs Limited to Non BST area	97-07505	10/30/97	09/15/98
15	Ben Lomand Communications, Inc.	Ben Lomand RTC	Full Range of Services	98-00600	09/01/98	02/16/99
16	Birch Telecom of the South, Inc. d/b/a Birch Telecom; d/b/a Birch (01/01)		Full Range of Services	00-00341 00-00904	04/20/00	07/20/00
17	BlueStar Networks, Inc. d/b/a Covad		DSL Internet Access and Phone Service	98-00569 99-00339	08/07/98	09/22/98
18	Broadwing Local Service		Full Range of Services	00-00710	08/10/00	
19	Brooks Fiber Communications of TN, Inc.	Brooks Fiber Properties, Inc. Merged with WorldCom	Full Range of Services	95-02764 96-01484	07/14/95	09/07/95
20	Budget Phone, Inc.		Full Range of Services	02-00885	08/16/02	
21	Business Telecom, Inc. d/b/a BTI Telecommunications, Inc.		Full Range of Services	98-00334 00-00478	05/08/98	07/07/98
22	Cardinal Communications		Full Range of Services	99-00709	09/11/99	01/26/00
23	CaroNet, Inc.	t/w/a Interpath Communications, Inc. 03/02 Transfer to Progress Telecom Corp.(02-00116)	Full Range of Services	98-00851 00-01109	12/02/98	02/09/99
24	COCTN, Inc. d/b/a CONNECT		Full Range of Services	99-00854	11/05/99	03/28/00
25	CenturyTel Solutions		Full Range of Services	00-00075	01/31/00	03/14/00

TENNESSEE COMPETING TELECOMMUNICATION SERVICES PROVIDER "CTSP" SUMMARY INFORMATION

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	COMPANY (CTSP)	CORPORATE AFFILIATIONS	SERVICES	DOCKET NO.	FILED	APPROVED
26	Cinergy Communications Co.	f/k/a Community Telephone Corporation	Full Range of Services	01-00112	02/01/01	04/04/01
27	CommSouth Companies		Full Range of Services	02-00665	05/30/02	
28	Computer Business Sciences		Full Range of Services	99-00440 00-00408	06/10/99	09/15/99
29	DIECA Communications, Inc.	d/b/a COVAD Communications	Full Range of Services	99-00823 02-00585	10/18/99	03/28/00
30	Digital Teleport, Inc. (DTI)	DTI Holding Company	Full Range of Services	98-00643	09/22/98	12/08/98
31	Dixie Net Communications		Full Range of Services	01-00090	02/05/01	10/30/01
32	DSLnet Communications, LLC		Full Range of Services	99-00092 99-00564	02/12/99	05/18/99
33	Eagle Communications, Inc. d/b/a Eagle Communications of Tennessee		Full Range of Services	00-00590	07/05/00	09/28/00
34	Electric Power Board of Chattanooga		Full Range of Services	97-07488 99-00409	10/16/97	02/09/99
35	Empire Communications, Inc.	f/k/a American Communication Services of Chatt. & Knox. (ACSI)	Full Range of Services	95-02995 97-00360	08/11/95	10/11/95
36	Empire Telecom Services, Inc.		Full Range of Services	00-00353 00-00718	05/02/00	07/14/00
37	Enron Broadband Services		Full Range of Services	00-00769	07/28/00	01/10/01
38	Excel Telecommunications, Inc.		Full Range of Services	02-00382	04/05/02	09/04/02
39	Flatel, Inc. d/b/a Florida Telephone		Full Range of Services	00-00015	01/11/00	
40	Frontier Communications of Tennessee	f/k/a Citizens Telecommunications Co. of TN <u>Sister Companies: Citizens Telecom of TN, Citizens Telecom of Volunteer State</u>	Full Range of Services	96-00779 97-00984	04/15/96	06/27/96
41	Global Connection Inc. of America		Full Range of Services	02-00567	05/01/02	09/04/02
42	Global Crossing Local Services, Inc.	f/k/a Frontier Local Service	Full Range of Services	99-00120 00-00830	02/09/99	09/14/99
43	Global NAPs Gulf, Inc.		Full Range of Services	99-00183	03/15/99	05/18/99
44	ICG Telecom Group, Inc.	ICG USA, Inc.	Full Range of Services	95-01030 98-00249	01/26/95	08/24/95
45	IDS Telecom, LLC		Full Range of Services	00-01102 01-00658	12/08/00	05/22/01
46	IG2, Inc.	f/k/a Computer Business Sciences, Inc.	Full Range of Services	99-00440 00-00408	06/17/99	09/15/99
47	Intermedia Communications, Inc.	TN Registered Agent: The Prentice-Hall Corp. Systems, Inc.	Full Range of Services	96-00942 00-00815	04/26/96	09/17/96
48	INTRADO, Inc.	f/k/a SCC Communications Corp	Resale of BST Services	01-00050	01/15/01	03/05/02
49	ITC Delta Comm. Inc.	ITC Holding Company	Full Range of Services	96-01431 97-00419	10/31/96	01/02/97
50	KMC Data, LLC		Full Range of Services	01-00705	08/08/01	01/29/02
51	KMC Telecom III, LLC	f/k/a to KMC Telecom III, Inc.	Full Range of Services	99-00211 00-01004	04/01/99	07/28/99
52	KMC Telecom V		Full Range of Services	00-01123	12/19/00	04/19/01
53	Knology of TN, Inc.		Full Range of Services	00-00058 01-00105	01/28/00	03/28/00

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	COMPANY (CTSP)	CORPORATE AFFILIATIONS	SERVICES	DOCKET NO.	CCN APPLICATION	
					FILED	APPROVED
54	LCI International Telecom. Corp. d/b/a Qwest Communications	Merged with Qwest	Full Range of Services	96-00783 97-00361	04/19/96	05/30/96
55	LecStar Telecom	f/k/a Empire Telecom Services	Full Range of Services	00-00353 00-00718	05/02/00	07/14/00
56	Level 3 Communications LLC (Level 3)	PKS Information Services, Inc. & Level 3 Communications Inc.	Full Range of Services	98-00610 01-00404	09/04/98	11/03/98
57	Lightyear Communications, Inc.	f/k/a UniDial, Inc.	Full Range of Services	00-00996 01-00598	11/02/00	02/22/01
58	LoadPoint Telecommunications, LLC	CCN Revoked 01/01; CCN Re-instated 03/02	Full Range of Services	98-00869 02-00467	12/11/98	02/02/99c
59	MacLeod USA Telecommunications Services, Inc.	f/k/a CapRock Telecommunications, Corp.	Full Range of Services	99-00852	11/02/99	01/26/00
60	Madison River Communication, Inc.		Facilities-based, Resale Statewide	00-00381 02-00586	05/12/00	08/07/00
61	Mavenx com, Inc. d/b/a Mavenx net		Full Range of Services	99-00946	12/06/99	05/09/00
62	Maxcess, Inc.		Full Range of Services	00-00744 01-00213	08/18/00	12/14/00
63	MCImetro Access Transmission Services, Inc.	Merging with WorldCom	Full Range of Services	93-08793 97-00445	11/22/93	11/20/95
64	MCI WorldCom Communications, Inc.	Merged with MFS & MCI	Full Range of Services	96-00780 02-00779	04/17/96	05/30/96
65	Memphis Network, LLC	Joint owned by MLGW & ADL Networks - TN	Full Range of Services	99-00909 01-00806	11/24/99	06/12/01
66	Momentum Business Solutions		Full Range of Services	01-00379 01-00694	04/24/01	07/13/01
67	MountainNet Telephone Company		Full Range of Services	02-00446	04/18/02	06/26/02
68	NA Communications, Inc. (NACI)	Net Access, Inc.	Full Range of Services	98-00597 01-00111	08/28/98	08/10/99
69	NationNet Communication		Full Range of Services	01-00447	05/21/01	08/29/01
70	Navigator Telecommunications, LLC		Full Range of Services	99-00726 00-00120	09/29/99	01/26/00
71	Network Plus, Inc.		Full Range of Services	98-00581	08/19/98	02/09/99
72	Network Telephone Corporation		Full Range of Services	00-00009 00-00663	01/04/00	06/23/00
73	New Edge Network, Inc.		Full Range of Services	99-00714	09/21/99	03/28/00
74	New South Communications, Corporation		Full Range of Services	98-00325 98-00465	05/08/98	06/30/98
75	NOS Communications		Full Range of Services	01-00449 01-00888	05/21/01	08/29/01
76	NOW Communications		Full Range of Services	01-00878 02-00114	10/11/01	12/03/01
77	NuVox Communications, Inc.	f/k/a TrVergent Communications, f/k/a State Communications	Full Range of Services	99-00806 00-00736	10/20/99	01/26/00
78	O1 Communications of Tennessee, LLC		Full Range of Services	99-00861	11/05/99	02/22/01
79	OnePoint Communications, Georgia LLC	Merged with Verizon Communications	Full Range of Services	00-00112	02/15/00	07/14/00
80	Premiere Network Services, Inc.		Full Range of Services	00-00632 01-00158	07/12/00	10/12/00
81	Qwest Communications Corporation		Full Range of Services	99-00922	12/02/99	03/21/01
82	Rhythms Links, Inc.	f/k/a ACI Corp.	Full Range of Services	99-00122 00-00656	02/19/99	04/27/99
83	Sprint	Sprint Communication Co. L.P.	Full Range of Services	96-01153 97-07547	07/17/96	10/03/96
84	TCG MidSouth, Inc.	Teleport Communications Group AT&T	Full Range of Services	97-00949 98-00642	04/25/97	07/14/97

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					FILED	APPROVED
85	TelePak Networks Inc		Full Range of Services	00-00930 01-00374	10/19/00	02/22/01
86	TeleSys, Inc. d/b/a Access America		Full Range of Services	01-00165 01-00455	02/20/01	04/19/01
87	Teligent Services, Inc.		Full Range of Services	98-00210 98-00619	03/25/98	05/05/98
88	The Other Phone Company d/b/a Access One Communications		Full Range of Services	99-00694	09/16/99	
89	Time Warner Telecom of the Mid-South	Time Warner	Full Range of Services	93-02980 96-01013	03/19/93	08/24/95
90	USCarrier Telecom, LLC		Full Range of Services	01-00512	06/12/01	09/13/01
91	US LEC of TN, Inc	US LEC of Tennessee L.L.C.	Full Range of Services	97-00387 98-00811	04/03/97	07/15/97
92	U S TelePacific Corp d/b/a TelePacific Communications		Full Range of Services	00-00697	08/02/00	12/14/00
93	U S West Interprise America, Inc	U S West	Private Line Frame Relay	97-01383	07/24/97	09/09/97
94	Valor Telecommunications CLEC of TN		Full Range of Services	00-00681	07/31/00	
95	Vartec Telecom, Inc.		Full Range of Services	01-00760 02-00360	08/31/01	01/29/02
96	VIVO TN, LLC		Full Range of Services	00-01092	12/08/00	05/02/01
97	Williams Communications, Inc. d/b/a Vyvx, Inc.		Full Range of Services	99-00398	06/03/99	09/15/99
98	WinStar Wireless, Inc	WinStar Communications 04/02	Full Range of Services	95-03232 96-01587	08/31/95	12/22/95
99	XO Tennessee, Inc.	f/k/a Nextlink of Tennessee	Full Range of Services	95-02502 96-01018	06/16/95	09/29/95
100	XSPEDIUS Corp (01/01) XSPEDIUS, LLC (05/02)	f/k/a XSPEDIA Corp. name chg to: XSPEDIUS, LLC 02-00476	Full Range of Services	00-00572	06/30/00	08/23/00
101	Z-Tel Communications		Full Range of Services	00-00861	10/03/00	03/22/01
102	Zephion Networks, Inc.	f/k/a Domino Networks Communications	Full Range of Services	01-00013	01/04/01	04/04/01
103	Zone Telecom, Inc.		Full Range of Services	00-00878	09/29/00	
		TOTAL CERTIFIED AS CTSP	94			
		CTSP APPLICATIONS PENDING	9			

"RESELLERS" OF TENNESSEE BST SERVICES SUMMARY INFORMATION

	TE: Revisions this report are BOLD ITALICIZ				CCN APPLICATION
	COMPANY (RESELLER)	CORPORATE AFFILIATIONS	SERVICES	DOCKET NO.	APPROVED
1	ALLTEL Communications, Inc.		Resale of BST Services	99-00149 99-00492	09/21/99
2	American MetroCom/Tennessee, Inc.		Resale of BST Services	00-00731	04/25/00
3	American Network Exchange d/b/a AMNEX		Resale of BST Services	95-02728	08/01/95
4	American Telecommunications		Resale of BST Services	97-07570 98-00281	02/03/98
5	Ameritech Communications International, Inc.	Ameritech, a subsidiary of SBC	Resale of BST Services	97-07510	05/19/98
6	ANNOX	Bought by Charter Communications	Resale of BST Services	96-01314 97-01382	10/15/96
7	Appliance & TV Rentals, Inc. d/b/a Fones-4-U	Ownership transferred to Ring Connection, Inc. 4/30/02, 01-01114	Resale of BST Services	00-00326 00-01066	05/23/00
8	ARBROS Communication	Changed from TracPhone Wireless to Comm South Companies, to AM Communication Solutions to ARBROS f/k/a Comm South in TN	Resale of BST Services	97-01327 97-01414	08/19/97
9	ATM Discount Communications	f/k/a Discount Communications	Resale of BST Services	98-00080 99-00032	04/20/98
10	Broadplex, LLC		Resale of BST Services	00-00173	01/10/01
11	Budget Phone, Inc.		Resale of BST Services	99-00212 01-00133	09/14/99
12	C1 ² , Inc.		Resale of BST Services	99-00490 01-00729	01/11/00
13	CAT Communications, Inc.		Resale of BST Services	99-00925 00-00607	02/15/00
14	Choctaw Communications, Inc. d/b/a Smoke Signal Communications	01-00857, Acquired by RECONEX, 12/28/01	Resale of BST Services	99-00418 00-01061	08/24/99
15	Ciera Network Systems, Inc.		Resale of BST Services	01-00693 02-00588	03/05/02
16	Cinergy Communications Co.	f/k/a Wright Business, Inc.; f/k/a Community Telephone Corp. d/b/a Long Distance Mgmt	Resale of BST Services	95-03300 97-01444	11/07/95
17	Classic Telephone Company		Resale of BST Services	99-00565	01/25/00
18	Columbia Telecommunications, Inc.		Resale of BST Services	99-00827	11/23/99
19	Communications Brokerage Services, Inc.		Resale of BST Services	96-01351 00-00497	10/01/96
20	Concert Communications Sales, LLC		Resale of BST Services	99-00419	10/26/99
21	Credit Loans, Inc. d/b/a Lonestar State Tel. Co.		Resale of BST Services	00-00024 01-00263	03/28/00
22	Dial & Save of Tennessee	Telco Communications Group, Inc.	Resale of BST Services	96-00982	08/13/96
23	DPI-Teleconnect, LLC		Resale of BST Services	98-00621 99-00199	03/02/99
24	East Tennessee Network		Facility-based Reseller	01-00728	11/07/01
25	Empire Telecom Services, Inc.		Resale of BST Services	99-00818 00-00718	02/15/00
26	Ernest Telecommunications		Resale of BST Services	98-00649	03/16/99
27	ESSX Communications d/b/a eLEC Communications		Resale of BST Services	00-00693 02/00535	05/22/01
28	Excel Operations	Teleglobe eMentus Communications	Resale of BST Services	96-01030	06/25/96
29	Express Connection Telephone Service		Resale of BST Services	NA 99-00568	NA
30	EZ Phone, Inc.		Resale of BST Services	97-01230 98-00144	09/23/97

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31	EZ Talk Communications, LLC		Resale of BST Services	98-00390 00-00201	10/20/98
32	Fair Financial LLC <i>d/b/a</i> Midstate Telecommunications		Resale of BST Services	99-00907 01-00071	01/25/00
33	GE Capital Communication Services		Resale of BST Services	96-01430	10/15/96
34	HFG Enterprises <i>d/b/a</i> East TN Phone Service	Tennessee Waste Movers	Resale of BST Services	98-00234 98-00570	07/07/98
35	Holt and Company		Resale of BST Services	NA 02-00611	NA
36	Image Access, Inc.		Resale of BST Services	98-00460 99-00725	10/06/98
37	Intellicall Operator Services, Inc. (IOS)		Resale of BST Services	NA	NA
38	Interlink Telecommunications		Resale of BST Services	97-00916 97-07477	07/01/97
39	Jerry LaQuiere		Resale of BST Services	97-00440 99-00910	05/20/97
40	Joyce F. Hudspeth		Resale of BST Services	99-00215	07/13/99
41	Lawrence Harsbro <i>d/b/a</i> Push Button Paging		Resale of BST Services	98-00317 99-00232	08/04/98
42	LecStar Telecom	<i>f/k/a</i> Empire Telecom Services, Inc.	Resale of BST Services	99-00818 00-00718	02/15/00
43	Lightyear Communications	<i>f/k/a</i> UniDial, Inc.	Resale of BST Services	98-00674	01/12/99
44	Max-Tel Communications, Inc.		Resale of BST Services	98-00235 00-00186	07/21/98
45	Money To Go, Inc.		Resale of BST Services	99-00971	02/01/00
46	MVX Communications, LLC		Resale of BST Services	99-00677	03/14/00
47	Navigator Telecommunications, LLC		Resale of BST Services	99-00412 00-00816	08/24/99
48	New South Phone Connect		Resale of BST Services	00-00063 00-00200	02/29/00
49	NOW Communications		Resale of BST Services	97-00911 00-00781	08/19/97
50	NUI Telecom, Inc.		Resale of BST Services	NA 02-00472	NA
51	NuStar Communications Corp		Resale of BST Services	97-07447 98-00043	01/06/98
52	OnePoint Communications, Georgia, LLC		Resale of BST Services	98-00501	10/20/98
53	Opus Correctional, Inc.		Resale of BST Services	NA	NA
54	Phone-Link, Inc.		Resale of BST Services	98-00274 00-00498	06/30/98
55	Phone Reconnect of America, LLC		Resale of BST Services	99-00594 01-00671	11/23/99
56	Preferred Carrier		Resale of BST Services	96-00941 97-01158	06/25/96
57	P. V. Tel., LLC		Resale of BST Services	98-00004 98-00282	01/13/98
58	Quintelco, Inc.		Resale of BST Services	97-01304 99-00220	03/24/98
59	Qwest Communication Services, Inc.		Resale of BST Services	99-00922 01-00550	03/21/01
60	SBC Telecom, Inc.	SBC Communications	Resale of BST Services	00-00025 00-00621	03/28/00
61	Seven Bridges Communication		Resale of BST Services	01-00116	08/07/01
62	Shared Communications Services, Inc.		Resale of BST Services	96-01160	01/07/97
63	Southern Telemanagement Group		Resale of BST Services	00-00104 00-01062	03/14/00
64	Speedy Reconnect, Inc.		Resale of BST Services	99-00652	10/12/99

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65	State Discount Telephone, LLC		Resale of BST Services	00-00337 00-00735	05/06/00
66	Sterling International Funding, Inc. <i>d/b/a</i> RECONEX		Resale of BST Services	97-01188 97-01362	07/01/97
67	Suretel, Inc.		Resale of BST Services	00-00150 00-00740	05/09/00
68	Talk America, Inc.	<i>t/a</i> Talk.com Holding Corp. <i>d/b/a</i> Network Services of New Hope & <i>d/b/a</i> The Phone Co. to: <i>Talk America Inc. 01-00410 (00/02)</i>	Resale of BST Services	97-01217	06/30/98
69	TeleConex, Inc.		Resale of BST Services	98-00353 00-00183	09/15/98
70	Tele-Sys, Inc. <i>d/b/a</i> Access America		Resale of BST Services	96-00976 97-00273	08/13/96
71	TEL-LINK	Acquired by NOW	Resale of BST Services	97-00364 97-01363	04/29/97
72	Tennessee Phone Service		Resale of BST Services	96-01618 00-00185	04/29/97
73	Tennessee Telephone Service		Resale of BST Services	98-00639 99-00569	11/03/98
74	The Other Phone Company, Inc. <i>d/b/a</i> Access One Communications		Resale of BST Services	98-00351 99-00399	11/03/98
75	The Other Phone Company, Inc. <i>d/b/a</i> Omnicall		Resale of BST Services	98-00369 00-00184	07/21/98
76	Touch 1 Communications, Inc.		Resale of BST Services	98-00447 98-00818	02/02/99
77	Touch America		Facility-based Reseller	00-00984	02/22/01
78	U-Dial of TN, Inc.	<i>t/a</i> MoneyPlace LLC 01-00891; Name changed to: U-Dial of TN, Inc. 11/6/01c	Resale of BST Services	98-00646 01-00678	01/12/99
79	Universal Telecom		Resale of BST Services	99-00237 02-00235	05/04/99
80	USA Telecom, Inc.		Resale of BST Services	99-00633 00-00605	10/12/99
81	USA Quick Phone	<i>t/a</i> Vast-Tel Communications, Inc. & One Source Utilities	Resale of BST Services	98-00311 00-01001	07/21/98
82	U.S. Telco, Inc.		Resale of BST Services	97-00456 98-00044	09/09/97
83	Zephion Networks	<i>t/k/a</i> Domino Networks Communications	Resale of BST Services	01-00013	04/04/01
84	Z-Tel Communications, Inc.		Resale of BST Services	98-00410	09/15/98
		TOTAL CERTIFIED AS RESELLERS Only	84		


Birch
telecom

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remains news to many
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Young phone companies
create 'new way of life'
page 6

Foster kids get boost
from donated service
page 8

Go online for FREE
autographed photo
page 7

From Nashville Tennessee, 9/7/02

~~ADD DATE~~ 9/02

Birch Telecom

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2020 Baltimore
Kansas City, Mo. 64108
(816) 300-3000

**Alabama**

Birmingham (205) 970-0116
Huntsville (877) 942-4724
Toll-free
Mobile (251) 414-2886
Montgomery (334) 244-9458

Georgia

Atlanta
Northeast (678) 924-9898
Northwest (770) 612-0685
Augusta (706) 860-6181
Columbus (877) 672-4724
Toll-free
Macon (877) 672-4724
Toll-free
Savannah (877) 542-4724
Toll-free

Kansas

Dodge City (316) 262-5109, ext. 208
Emporia (620) 343-7071
Garden City (316) 262-5109, ext. 208
Hutchinson (316) 262-5109
Kansas City (816) 300-3333
Lawrence (785) 228-2057
Manhattan (785) 537-5188
Salina (785) 827-7624
Topeka (785) 228-2057
Wichita (316) 262-5109

Mississippi

Biloxi (877) 612-4724
Gulfport (877) 612-4724
Jackson (877) 612-4724
Pascagoula (877) 612-4724

Missouri

Kansas City (816) 300-3333
St. Louis (314) 821-6347

North Carolina

Asheville (877) 652-4724

Charlotte (704) 529-5953
Gastonia (704) 529-5953
Greensboro (336) 856-7056
Winston-Salem (336) 856-7056

Oklahoma

Oklahoma City (405) 879-0500
Tulsa (918) 493-1800

South Carolina

Charleston (843) 554-9099
Columbia (803) 252-6766
Greenville (864) 281-1535
Spartanburg (864) 281-1535

Tennessee

Chattanooga (423) 892-2737
Knoxville (865) 584-2311
Memphis (901) 362-2281
Nashville (615) 373-7073

Texas

Abilene (915) 676-3388
Amarillo (806) 356-6699
Austin (512) 338-8300
Beaumont (409) 813-1158
Corpus Christi (361) 225-3222
Dallas (972) 503-2111
El Paso (915) 351-1041
Fort Worth (817) 355-8889
Galveston (281) 990-7250
Houston
Central/West (713) 781-9477
North (281) 820-9312
South (281) 990-7250
Longview (903) 534-4922
Lubbock (806) 780-3535
Midland/Odessa (915) 570-4800
Orange (409) 813-1158
Port Arthur (409) 813-1158
San Antonio (210) 342-6300
Temple (254) 772-4844
Tyler (903) 534-4922
Waco (254) 772-4844
Wichita Falls (940) 716-9955

Choice in local service remains news to many

Businesses and consumers scored a major victory on Feb. 8, 1996, when the Telecommunications Reform Act gave them the right to choose their local telephone service provider for the first time.

Over the past six years, millions of customers have made the switch to an alternative service provider, called competitive local exchange carrier, or CLECs. But many people still fall into one of two categories: They either don't know choice is available, or they don't see the benefits in making a change.

Monopolies

For starters, there's a reason monopolies are frowned upon. Competition brings down costs for consumers and drives companies to provide better products and service. Without competition, telephone companies have little incentive beyond their own profit to develop new products and services because they have zero chance of ever losing a single customer.

Discounts of 20 percent

Probably the most attractive benefit for customers who have switched is the monthly savings they now enjoy. With some companies like Birch Telecom offering discounts of 20 percent or more, the savings make it an easy decision for many people.

But price isn't the only reason to consider a change.

Consolidated billing

Some CLECs offer multiple services on a single bill - local, long-distance, Internet access and even Web hosting - a benefit not all incumbent providers can match.

For larger businesses with numerous locations, some CLECs can provide consolidated billing across more than one state, even to more than one region of the country. And no incumbent, all of which are limited to providing service in one region, can do that.

In addition, independent industry research has shown that many CLECs provide superior customer service.

Focus on smaller businesses

According to a recent study by The Yankee Group, a global leader in technology and communications research, 75 percent of small to mid-size businesses are more satisfied with

Some CLECs offer multiple services on a single bill - local, long-distance, Internet access and even Web hosting - a benefit not all incumbent providers can match.

their new provider than they were before they switched.

Often neglected by the big monopolies, many of these smaller companies are now valued clients of CLECs and enjoy personalized service for the first time - including face-to-face consultative sales - a rarity for these businesses.

The customer education that some CLECs provide helps avoid easy-to-make but costly mistakes by making it clear what a company or consumer is buying before they purchase it. For example, no one needs call waiting on a fax line.

Easy transition and a safe choice

There's no need for potential CLEC customers to be intimidated by the prospect of switching to an alternative carrier. Calls are still routed on the same public telephone network that has served businesses and consumers for more than 100 years.

Switching telephone providers doesn't have to be complicated for the customer, either. In fact, with some CLECs like Birch, the transition is completely transparent with no downtime. The customers even keep the same phone number. Depending on the company providing service, in most instances there also is no change in service features or functionality. For example, if *69 is the code used for call return today, that will not change.

Satisfaction guarantee

And finally, any perceived risks in changing phone providers are non-existent if the customer switches to a company that will guarantee satisfaction and help pay to switch them back to their original carrier for free if dissatisfied with their new service.

Clearly, the benefits offered by alternative local service providers can have a dramatic impact not only on the bottom line but also on the level of customer satisfaction. But you'll never know if it makes sense for you until you make that call to switch.

Dave Scott is president, CEO and co-founder of Birch Telecom. Serving small to mid-size businesses and residential customers in more than 40 markets across 10 states, the company offers a range of services on one bill, including local and long-distance. For more information about Birch, visit www.birch.com.

TELECOM TODAY



Dave Scott

INSIDE

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Birch moves forward despite tough economy

ed for battle with a new advertising campaign starring frisky, friendly comedy Buddy, Birch Telecom continues to unleash new products and services, expand into new territory and gain market share while many competitors are retreating.

Earlier this year, the company celebrated its fifth anniversary with more than 100,000 customers onboard. Birch's number of lines in service is now more than 350,000.

"We are excited to have built a large and growing base of customers so quickly," said Dave Scott, CEO and president of Birch. "We believe this achievement illustrates Birch's warm reception throughout the 10 states we currently serve."

Recent achievements

Reaching the 100,000-customer milestone is one of many significant announcements Birch has made in the past 18 months.

During that period, the company has:

- Launched service in 14 major mar-

kets throughout Alabama, Georgia, Mississippi, North Carolina, South Carolina and Tennessee, effectively doubling its market potential.

- Launched its own ADSL network in 12 major markets throughout Kansas, Missouri, Oklahoma and Texas, offering high-speed business-class Internet access with guaranteed speed to customers previously dependent upon ADSL or other inferior access options.

- Completed its T1 roll-out in the same four states, offering the time-tested high-speed Internet product over a Birch-controlled network.

- And, entered the residential market in most of its business markets, extending its value proposition from the office to the home.



Dvoracek

The beginning

Formed in 1997, Birch was one of the first companies to be certified in the Midwest to provide competitive local phone service. In February 1998, the company merged with Valu-Line

Companies of Emporia, Kan., which had provided long-distance to Kansas customers for 16 years.

Since that time, Birch has acquired companies specializing in telephone services, business phone equipment and Internet services to expand its product offerings.

Birth of Buddy

The company really started picking up steam when it used Buddy for the first time in an ad campaign to support the company's entry into Texas during the spring of 1999. Billboards soon blanketed Birch territory throughout the Midwest as well.

The buzz and media attention surrounding Birch and Buddy continued as the company expanded into Bell-South territory last year.

Back for more

After a short hiatus during the first half of 2002, Buddy has returned in a number of Birch markets.

In a new outdoor campaign developed by Kansas City-based Prairie Dog Advertising, the company returns to its early message of being a friendly, approachable company that doesn't take itself too seriously. Prairie Dog principal/founder Phil Smith served as creative director and copywriter, and Jay Henning of The Henning Studio handled art direction.

The billboards feature Buddy with incoherent text such as "Where do you do your business?" and "Get a leg up on the competition." And of course, the stump for many people: "If you think about it, there's so much."

"Buddy has grown out of his youthful

phase but still wants to remind small business prospects that Birch is the best phone company for them," said Barry Dvoracek, Birch's director of marketing communications. "Of course, he does so in typical tongue-in-cheek fashion with a little word play that only an adorable pup can pull off."

So what's the deal with that third billboard?

"Consumers are bombarded with way too many 'Hey, look at me!' ads these days, and we decided it was high time someone put up a message that lets viewers come to their own conclusions," Dvoracek said.

Get a leg up on the competition.



Your business' best friend.

Birch

Where do you do your business?



Your business' best friend.

Birch
telecom

Stronger execution of Act needed for truly open marketplace

The Telecommunications Act of 1996, signed into law six years ago, gave alternative telephone service providers the right to exist. But according to key executives at Birch Telecom, the Act has not leveled the playing field for competitors - and benefited businesses and consumers - like it should have.

"The Act has been a very positive force in creating local telephone service competition, but there is so much more that remains to be done to achieve the kind of open marketplace that exists for long-distance and wireless services," said Dave Scott, CEO and president of Birch.

Scott called the Act "just the beginning," and likened the current state of local telephone reform to the progress long-distance reform had made by 1978. That's six years before the 1984 antitrust consent decree broke up

"Clearly, customers want the benefits of competition - lower prices, better service and innovative products - but we need stronger execution of the Act's basic objectives to achieve and maintain the level playing field necessary for a truly open marketplace."

- Dave Scott, CEO and president of Birch

AT&T and triggered the birth of widespread competition for long-distance services. Even then, ongoing regulatory and legislative pressure was required to achieve the benefits of true long-distance competition.

Like most Competitive Local

Exchange Carriers (CLECs), Birch utilizes parts of the existing public telephone network to deliver its services. Through the unbundled network element (UNE) pricing structure implemented under the Act, Birch is able to lease network elements from the local Bell company, package them into customized, Birch-branded services, and then deliver these services to its customers at significant discounts.

"The government recognized that the only way to foster competition was to force incumbent telephone providers to allow interconnection by other local providers at the same costs that they themselves have long enjoyed," said John Ivankuska, Birch's vice president of interconnection and carrier relations.

"For a long time, government policy was based on the assumption that it was in the best interests of consumers to maintain the local telephone service

monopoly. The Act changed that policy, making it clear that the goal now is reduced pricing, improved service and product enhancements, all of which will flourish in a competitive environment."

Obviously, the Bells are reluctant to let go of their market share. While Birch's senior leadership freely admits the Bells have made progress in opening up their networks, there is still a long way to go. Millions of dollars worth of fines have been levied against the Bells each year.

"We knew breaking up a monopoly was never going to be an easy fight," Scott said. "You can't out-resource the Bells. We don't have their lobbying power, but when we do get the chance to talk with regulators, the facts speak for themselves."

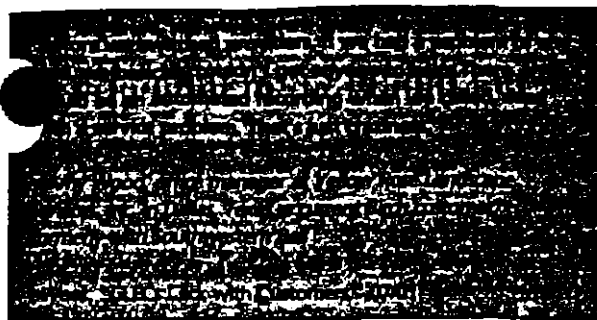
This past May, the Supreme Court upheld rules in the Act that allowed the

FCC to set rates for network elements that are leased to CLECs.

Longer term, Scott believes the Bells and competitors will find a way to coexist. Meanwhile, Birch will continue to press for compliance with the intent of the Act, while at the same time exploring technical innovations that can reduce reliance on the Bells.

For example, Birch has been active in exploring soft switch technology, which promises to deliver cutting-edge communication capabilities and additional savings for consumers. The switches could even offer customers the ability to modify services through the Internet in near real time.

"Clearly, customers want the benefits of competition - lower prices, better service and innovative products - but we need stronger execution of the Act's basic objectives to achieve and maintain the level playing field necessary for a truly open marketplace," Scott said.



Doing business wi

Three new packages give consumers options at home

Earlier this year, Birch Telecom launched three local and long-distance telephone service bundles that promise to give residential consumers more flexibility to choose the features and services they want without paying for a lot of extras.

In addition, two of Birch's three Home ConnectionSM packages include blocks of anytime, anywhere long-distance service.

"Not all customers are the same, and Birch is simply responding to the demand for a choice in phone service plans, just as we've always responded to the demand for competitive local service," said Dave Scott, Birch CEO, president and co-founder. "Competition is making the days of one-size-fits-all packages a thing of the past. Our customers can select the features that more closely meet their needs and are most important to them."

For a flat monthly fee, Birch's basic Home Connection package combines a telephone line with Caller ID, Call Waiting and Call Waiting ID Options, plus the choice of two additional features from the following list.

- Auto Redial/Call Return/Three-Way Calling, which counts as one feature
- Call Blocker
- Call Forward Busy Line/No Answer
- Call Forward Variable (with Remote Access)
- Distinctive Ring
- Priority Call
- Selective Call Forward
- Speed Dialing

The Home Connection Plus package includes a basic line with Caller ID, Call

"Our local service packages are always priced less for the features you need, there's no cost to switch and your phone number and directory listings stay exactly the same."

— Tom Edmondson, Birch Telecom's director of residential services

Waiting, Call Waiting ID Options and a choice of one additional feature, plus 30 minutes of domestic long-distance per month. The third package, Home Connection Premium, is the same with 90 minutes of long-distance instead of 30.

Additional features can be added to any of the three bundles for about \$2 a month. Long-distance - for customers who need more minutes than the blocks provide - is as low as 7 cents a minute, depending on the package. Metro lines and extended area calling plans, both of which increase the local calling area, are available in select markets.

"Our local service packages are always priced less for the features you need, there's no cost to switch and your phone number and directory listings stay exactly the same," said Tom Edmondson, Birch's director of residential services.

For more information or to sign up for service, call toll-free (866) 347-3843. Or, check availability and pricing for your neighborhood by visiting Birch's residential site, www.birch.com/atHome.

From local to long-distance, Birch Telecom offers businesses in the Southeast a full suite of telephone services on one simple bill.

■ Local offices, page 2

"We've built our company on the belief that everyone deserves the best telephone services available," said Dave Scott, CEO, president and co-founder of Birch. "We pride ourselves on being a customer-focused alternative for businesses often neglected by other providers."

"Thanks to products that provide the value, reliability and functionality a customer needs to thrive in today's competitive economy, we now serve in excess of 100,000 customers in more than 40 markets across 10 states."

"Proven record of success"

The Telecommunications Act of 1996 gave alternative local telephone service providers like Birch the right to exist.

As a result, small to mid-size businesses now enjoy benefits once reserved for major corporations such as:

- An audit of their existing local and long-distance services, and the resulting satisfaction from getting — and paying for — the exact products and services needed, and no more.
- The simplicity of dealing with one company for all of those services, and paying one simple monthly bill.
- Customer service representatives who are friendly, responsive and willing to go the extra mile.
- Monthly savings of 15 to 20 percent or more.

"Through the years, we've noticed and reacted to changes in the market and the evolving needs of our customers," Scott said. "We know that today you need more than the promise of lower monthly bills to make the decision to switch. You want to be confident that the company you choose has a proven record of success. You want

"Through the years, we've noticed and reacted to changes in the market and the evolving needs of our customers. We know that today you need more than the promise of lower monthly bills to make the decision to switch. You want to be confident that the company you choose has a proven record of success. You want a company that delivers the same reliability you've enjoyed in the past. And, you want a company that uses sound, fundamental business practices that will enable it to thrive for years to come. Birch is that company."

— Dave Scott, CEO, president and co-founder of Birch Telecom

a company that delivers the same reliability you've enjoyed in the past. And, you want a company that uses sound, fundamental business practices that will enable it to thrive for years to come. Birch is that company."

Expansion into the Southeast

In 2001, customers joined Birch at a record pace. For many of them, it was reassuring to know that their service would be delivered over the same public telephone network that served them so reliably in the past.

Customers in 26 new markets across six new states chose to make the switch to Birch last year as the company expanded its service area from the Midwest and Texas to the Southeastern U.S.

"Going forward, customers continue to enjoy increased productivity and savings

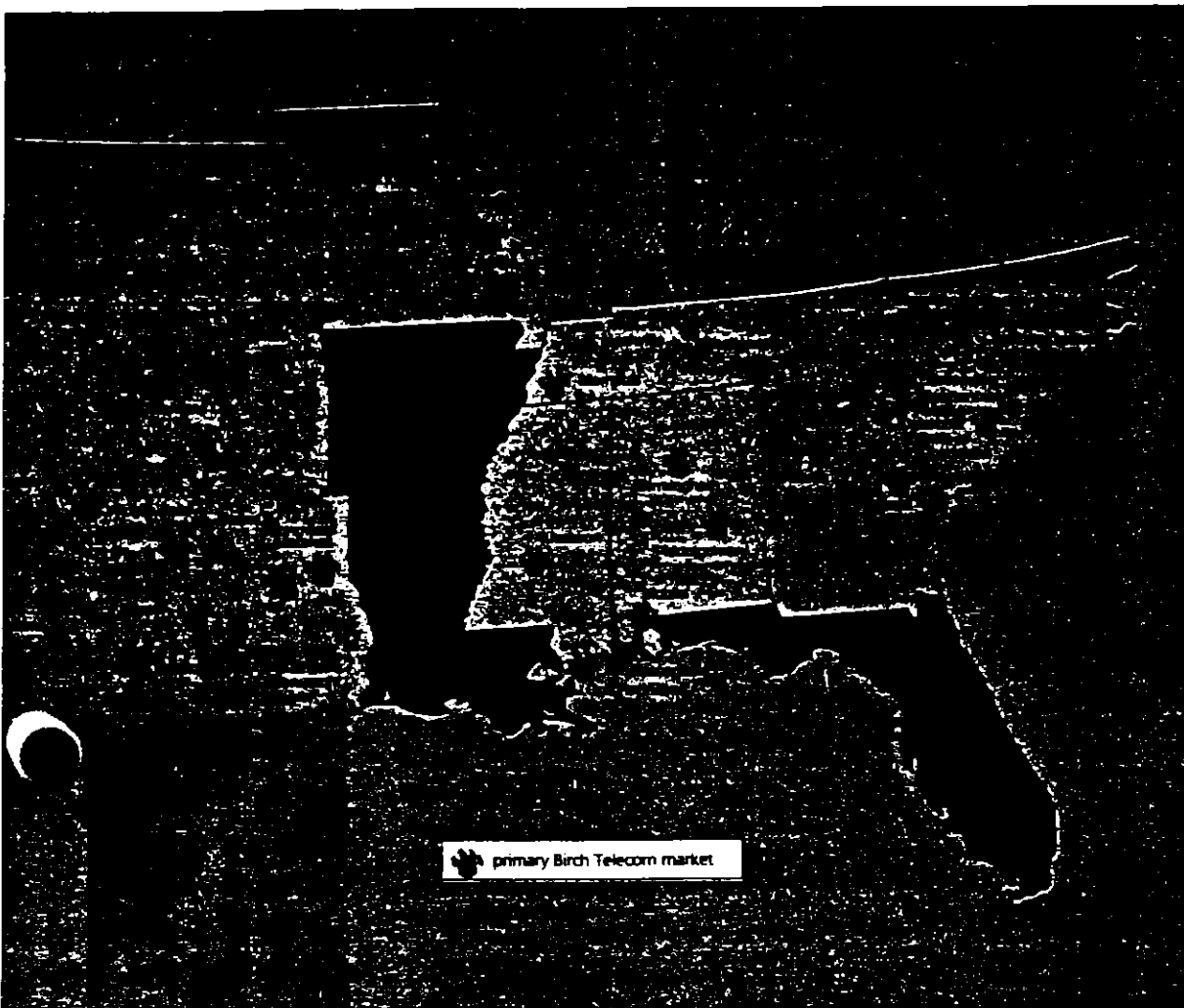


Birch Telecom serves in an

as we roll out new products to meet the demands created by an ever-evolving market," said Steve Faulkner, Birch's senior vice president of product management and marketing. "We now offer residential service in the 10 states we serve, and you can even include your residential charges on your monthly business invoice."

"So as your needs change, we'll

Birch: Company offers local and long-distance at competitive prices with friendly customer service and an easy transition



cases of 100,000 customers across more than 40 markets.

make sure we have the products and services you need to remain competitive."

Local service

Birch designs its local service products primarily for small to mid-size businesses, which have historically been ignored by incumbent phone companies.

For example, Birch's SmartBizSM hun-

dies offer one-line customers everything needed to keep in touch around town and across the country. Service can be customized with the most popular features and include either 30 or 130 minutes of long-distance.

"And since each plan has a set monthly price, you'll always know what to expect when the bill arrives," Faulkner said. "Even if you use more long-distance,

you'll still save with our low per-minute rates."

The company's optional Price & Service Protection Plan not only discounts prices on local service for business customers in exchange for signing a contract, but if rates drop even more, Birch will proactively notify them and offer them the better deal.

In addition, Birch's service guarantee

allows customers to terminate an agreement - which is not required but includes incentives - if Birch fails to produce as promised within specified timeframes. The company will even help offset the costs to switch them back to their previous provider if they leave during the first 90 days of the agreement for performance issues as specified in the commitment.

Long-distance

Birch offers anytime, anywhere long-distance service for as little as 4.9 cents a minute.

"Morning calls to Early Bird, Florida. Late chats with Midnight, Idaho. Even in-state calls during the middle of the day. With Birch long-distance service, there's no more worrying about time-bills or geography," Faulkner said. "You always get a low, flat rate. And that rate drops even lower with our volume discounts and Price & Service Protection Plan. Plus, Birch bills all your domestic long-distance calls in increments of just six seconds, so you only pay for what you use."

An easy transition

While the world of telecom can certainly seem complicated, Birch's experts thrive on simplicity.

"When you switch to Birch, your phone number and directory listings remain the same so you won't need to produce new business cards and letterhead," Scott said. "The only changes you'll make are the ones you want to make."

In addition, the conversion to Birch doesn't involve a service interruption or require access to the customer's place of business.

"The first — and only — interruption you should experience is when we call to say, 'Welcome to Birch!'" Faulkner said. "The service features and functionality you know and use now won't change either. For example, if you dial *69 to use Call Return today, you'll dial *69 with Birch."

"Your conversion to Birch is transparent," he added, "meaning we do the research, the paperwork and the legwork, while you stay focused on running your business."

For more information about Birch, visit www.birch.com.

New plan offers price, service guarantees

In the telecom industry, business customers often are able to lock in a reduced rate in exchange for signing a term contract. But, like a credit card offer that is only available to new recruits, the commitment usually secures only the best deal that's available at that time.

If the company supplying the service happens to offer an even better package before the agreement expires, the customer usually is out of luck and locked into their current agreement.

Not anymore, thanks to a new plan offered by Birch Telecom.

The company's optional Price & Service Protection Plan not only discounts prices for business customers in exchange for signing a contract, but if rates drop even more, Birch will proac-

tively notify them and offer them the better deal.

"By initiating contact with our customers when they're eligible for lower rates, we're offering a level of service that we haven't seen from any competitor," said Steve Faulkner, Birch's senior vice president of product management and marketing. "Other companies may let you modify the terms of your commitment but only if you complain. In many instances, you'd probably never even know that lower rates existed."

In addition, customers can terminate the agreement if Birch fails to fulfill its service-level guarantees within specified timeframes. The company will even help offset the costs to switch

"We see this as a great way of rewarding small to mid-size businesses for their loyalty. The response from customers so far has been extremely positive." — Steve Faulkner, Birch's senior vice president of product management and marketing

them back to their previous provider if they leave during the first 90 days of the agreement for performance issues as specified in the commitment.

"Unlike many traditional contracts, Birch's Price & Service Protection Plan flips the entire equation in the customer's favor," Faulkner said. "We see this as a great way of rewarding small

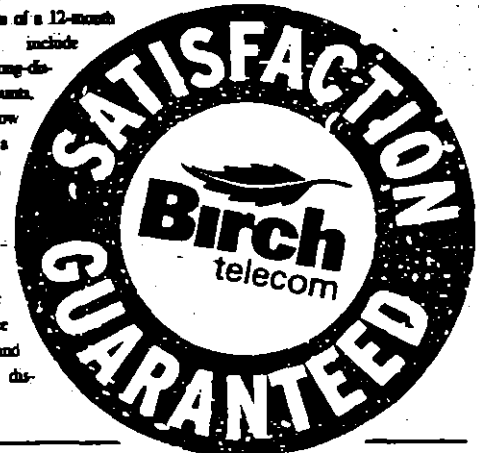
to mid-size businesses for their loyalty. The response from customers so far has been extremely positive."

Under the plan, Birch customers with three or more lines have the option of locking in discounted rates by agreeing to term lengths of 12 or 24 months.

The benefits of a 12-month commitment include aggressive long-distance discounts, currently as low as 4.9 cents a minute. A 24-month commitment includes both the long-distance savings and additional dis-

counts on local lines and trunks.

When a price decrease is implemented, plan customers will be notified by mail that they're eligible for the lower line or long-distance rate in exchange for signing a new contract.



QUICK FACTS

- 75 percent of small to mid-size businesses are more satisfied with their new phone company than they were with their previous provider.

- About 70 percent said they were more satisfied with the new prices they pay as well.

— The Yankee Group

- The surviving CLECs (young telephone companies) are well-positioned to challenge incumbents with innovative products, better customer service and lower prices.

- By 2005, CLEC revenues in the U.S. will exceed \$110 billion.

— In-Stat

Young phone companies create 'new way of life'

For years, customers fed up with their monopoly local phone company had no alternative for service, but those days are changing.

The Telecom Reform Act of 1996 paved the way for young competitors like Birch Telecom to exist, and businesses and residential consumers are taking note.

According to a 2002 annual report from the Association for Local Telecommunications Services (ALTS), upstart phone companies - called Competitive Local Exchange Carriers (CLECs) - now serve more than 19 million access lines in the U.S. That's about 10 percent of the active lines nationwide.

Despite financial hardships for many young providers, a number of CLECs, including Birch, continue to survive and even thrive. One reason has been stellar customer service.

A report published last year by The Yankee Group, a global leader in tech-

nology and communications research, showed that CLECs were much better at providing personal customer service and gaining customer loyalty.

In particular, CLECs have been very productive in targeting small to mid-sized businesses. In fact, The Yankee Group survey revealed that 75 percent of those businesses are more satisfied with their new phone company than they were with their previous provider.

About 70 percent said they were more satisfied with the new prices they pay as well.

"It is clear that CLECs are setting the standard for not only price, but more importantly, customer service," said Mike Launcella, an analyst with The Yankee Group. "CLECs are positioned well to take greater market share as SMBs (small to mid-size businesses) look to buy bundled packages of voice and data services."

A 2001 report written by telecom industry researchers In-Stat concluded

"It is clear that CLECs (Competitive Local Exchange Carriers) are setting the standard for not only price, but more importantly, customer service."

— Mike Launcella, The Yankee Group analyst

that after five years of trial and error and a market-wide financial shake-down, the surviving CLECs are well-positioned to challenge incumbents with innovative products, better customer service and lower prices.

By 2005, In-Stat predicts that CLEC revenues in the U.S. will exceed \$110 billion.

"If CLECs consistently improve their business, provide better service, and acquire more accounts, they will improve their position in the market,"



Birch Telecom customer service representative Angie Armistead, based in Emporia, Kan., smiles as she assists a customer.

said Ernie Bergstrom, a senior analyst with In-Stat. "This isn't a fad. It's a new way of life."

From the streets to overnight sensation

Buddy symbolizes everything Birch stands for as company

When Birch Telecom ran down with Prairie Dog Advertising to identify the company's brand personality in early 1999, the characteristics of a young, frisky, friendly, eager and loyal company - all similarities to a puppy - were obvious.

To put a face on the company, the agency recommended a pup from the Humane Society of Kansas City, which had been photographed for the shelter's annual fundraising campaign.

With his 18-foot likeness soon plastered on billboards across Texas and the Midwest, the pup became an overnight sensation.

Late that year, Birch held an internal naming contest to give the company's new icon, called Charlie at the shelter, a more fitting moniker. Since Birch had already begun calling itself "Your business' best friend," the overwhelming favorite was Buddy.

Always get a few extras

Unfortunately, Birch purchased only four pictures of Buddy and needed more shots in early 2000. Sullivan Higdon and Sink, the ad agency that had been hired to evolve the company's brand, located the now-famous pooch guarding a family home in the Kansas City area.

The only problem was that Buddy had grown into a somewhat ferocious-looking guard dog. A new Buddy



"Buddy helps reinforce to small businesses the feeling that they're supporting an underdog who is willing to take on any opponent, no matter the size," said Barry Dvoracek, director of marketing communications for Birch.

would need to be found. This time, SHS went searching for a slightly older Buddy since the company had begun to grow up, too.

Another Buddy

During a search of the entire Kansas City metro area, SHS eventually found Buddy II, who ironically was a former

tenant at the same Humane Society shelter where Prairie Dog located the original pup.

Even more ironic was the new dog's name - Charlie.

The second Buddy had been adopted from the shelter in 1998, and he was loved by so many that when another puppy (Birch's first Buddy) came to the shelter the next year and

looked like him, the staff named him Charlie, too.

So Birch's first Buddy was actually the shelter's second Charlie.

Confused? Here's a little timeline to help clarify:

- 1998 - Charlie I (Buddy II) is adopted from the Humane Society of Kansas City.
- 1999 - Charlie II (Buddy I) arrives at

the shelter, is photographed for their fundraising campaign and is then adopted.

• 1999 - Birch selects Buddy I (Charlie II) as the company's advertising icon.

• 2000 - Birch needs new spokesdog photos, and the ad agency finds Charlie J (Buddy II) with the assistance of the Humane Society.

Loyal, dependable and fun

Buddy has come to symbolize everything Birch stands for as a company.

"Like a lifelong pet, Birch is dependable, fun-loving and loyal to its customers," said Barry Dvoracek, director of marketing communications for Birch.

Dvoracek credited Buddy with softening a sometimes aggressive but always irreverent attack of the competition, and helping illustrate the frustration that small businesses often have with the big phone company.

"Buddy helps reinforce to small businesses the feeling that they're supporting an underdog who is willing to take on any opponent, no matter the size," Dvoracek said.

'Always happy to see you'

Buddy's impact is ever-present as small businesses continue to "fire" the competition and adopt Birch. He has become the recognizable symbol of friendliness and eagerness to please in the telecommunications industry.

"Buddy makes customers feel that switching telephone companies is like coming home to a friend that's always happy to see you," Dvoracek said.

Get a FREE autograph!

Forget hiding in the bushes outside your favorite actor's house. No more parachuting onto the roofs of tour buses. If you want the autograph of a superstar, we can hook you up for FREE!

Just visit us online at www.birch.com/freephoto, type your mailing address into our simple form, and you will be richly rewarded with an autographed 8 X 10 photo of Birch's famous spokesdog, Buddy.



Spokesdog spurs animal shelter involvement

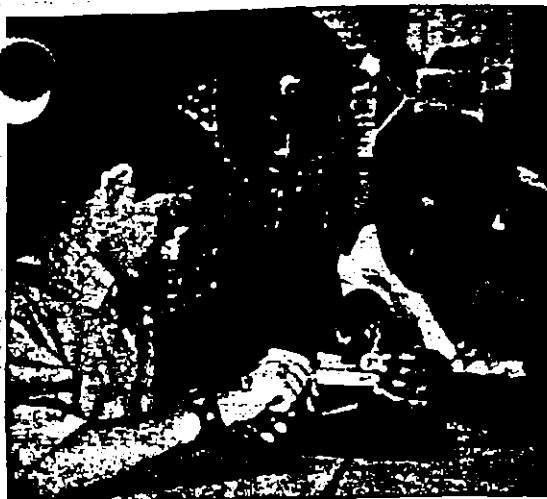
The warm reception Buddy has had from the communities where Birch Telecom provides service, coupled with the spokesdog's background as a humane society pup, has spurred the company to become involved with animal shelters.

During a two-month period in El Paso, Texas, Birch donated \$2.50 of every new customer's bill to the El Paso Humane Society.

Birch mirrored that program in Topeka and Wichita, Kan., increasing the donation to \$10 per customer. As part of the giveaway, shelter dogs

accompanied sales account executives in the field, which led directly to the adoption of numerous pooches.

This year, Birch is rolling out the program in 15 major cities across Alabama, Georgia, Kansas, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee and Texas.



Recently adopted youngsters Shawn Scott, left, and Michael McCravy-Scott, right, got assistance from their father, Milton Scott, as they use one of the calling cards donated by Birch Telecom at The Shelter in Lawrence, Kan.

Donated long-distance lifts spirits of foster kids

Hundreds of foster children separated from friends and relatives were able to stay in touch with their loved ones during the holiday season last year, thanks to long-distance donated by Birch Telecom.

"It really lifted the spirits of the children," said Becky Simons-Batman of The Shelter in Lawrence, Kan., which is near Birch's corporate headquarters in Kansas City, Mo. "We had a great number of children who had to leave their homes and their communities for various reasons. The holidays are the time of year when they really want to call their families."

The gift grew out of a request by Simons-Batman, who contacted Birch about providing pre-paid calling cards for the home's children.

"We thought it was a great idea and wanted to help," said Dave Scott, Birch CEO and president. "Just in time for Christmas, we discovered some damaged calling cards that were targeted for disposal. The donation enabled us to put those cards to good use."

The company refurbished the cards, which were distributed to children in 14

"We had a great number of children who had to leave their homes and their communities for various reasons."

The holidays are the time of year when they really want to call their families."

— Becky Simons-Batman
of The Shelter
in Lawrence, Kan.

foster-care programs across Kansas, Missouri, North Carolina, South Carolina, Tennessee and Texas.

In total, more than 14,000 minutes of long-distance was donated.

Response from the program was so positive that Birch has decided to expand the donation this year to include even more cities.

"At Birch, we like to do what we can to help the communities we serve," said Barry Dvorack, Birch's director of marketing communications. "This program is just a small way for us to contribute to one of the most worthy causes in our communities."

FOSTER PROGRAMS

The Farm
Emporia, Kan.
(620) 343-7746

The Shelter
Lawrence, Kan.
(785) 843-2085

St. Francis Center
Salina, Kan.
(785) 825-5229

Kansas Children's Service
League
Topeka/Manhattan, Kan.
(785) 539-3193

United Methodist Youthville
Wichita, Kan.
(800) 583-1950

Kaw Valley Center
Kansas City metro area
(913) 621-4641

Gaston County Social Services
Gastonia, N.C.
(704) 862-7530

Host Homes
Winston-Salem, N.C.
(336) 725-4678

Ellen Hines Smith Girl's Home
Spartanburg, S.C.
(864) 573-9223

Spartanburg Children's Shelter
Spartanburg, S.C.
(864) 583-7688

Smoky Mountain
Children's Home
Knoxville, Tenn.
(865) 453-4644

High Plains Children's Shelter
Amarillo, Texas
(806) 622-2272

Budner Children's Village
Beaumont, Texas
(409) 866-0976

Children's Home of Lubbock
Lubbock, Texas
(806) 762-0481

The right choice for your business. Right now.

You're busy. You wear a lot of hats. And you make a lot of tough decisions every day. But there's one you may not have made yet that's really pretty simple, and it could mean a lot to your bottom line.

Let a friendly Birch representative conduct an audit of your telecommunications services right in your office. Odds are we can save you 15% to 20%. Plus we'll simplify your life by putting it all on one easy-to-read invoice.

We're already taking care of more than 100,000 customers across 10 states. Let us do the same for your business. It's not just an easy choice, it's the right one to make — right now.

Check us out at www.birch.com.



Birch
telecom

Your business' best friend.



Access Integrated Networks

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To provide you with improved business communications through reliable, cost-effective service and our unmatched Focused Care.

- Realistic communications solutions for your business
- Friendly, personal service and expert telecom advice with every call
- You will always receive the best rates on our telecommunications services

No contracts, great rates, reliable service and expert care. It's as simple as that.

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05 / 11 / 2000

[Access Signs \\$800 Million
Interconnection Agreement
with BellSouth](#)

10 / 11 / 1999

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About

What Access IS...What Access IS NOT

Access Integrated Networks, Inc. IS a Competitive Local Exchange Carrier (CLEC)...an alternative provider of local telephone service.

Access IS an independent, privately held corporation.

Access:

- provides service to small business customers in nine southeastern states... Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee
- offers full range of local and long distance products for small business customers
- typically offers lower prices than the incumbent telephone company
- offers great customer service...live human beings who answer the customers' call
- provides one bill...with local and long distance charges

Access Integrated Networks, Inc. IS NOT affiliated in any way with the incumbent local telephone company.

- Access IS NOT a division of the incumbent local telephone company
- Access IS NOT a subsidiary of the incumbent local telephone company

Access....The Company

Access Integrated Networks was formed in 1996 as a direct result of the opportunities created by the passage of the Telecommunications Act of 1996. The founders of the company, with many years of industry experience, realized that the deregulation of the local telecommunications marketplace would revolutionize the industry and foster new, exciting options for small and medium size businesses.

A vision also emerged early on... of being a different kind of telecommunications provider. A company whose core philosophy would be to focus on the customer. And, a company that would clearly distinguish itself in the marketplace by offering it's customers cost-effective, technologically dependable products and post-sale customer care that would be unrivaled in the industry.

The Access Management Team

Tom Wright, Chairman, President and Chief Executive Officer

Tom founded the company in 1996 after having worked in the telecommunications industry for over 25 years most notably having played a major role in developing and managing BellSouth's original third party distribution channel while employed there.

Randy Smith, Executive Vice President - Sales/Marketing

Randy has over 25 years of experience in the telecommunications industry. His industry positions include President, Georgia Interconnect Association; Chairman/Board Member, North American Telecommunications Association (now the Multimedia Telecommunications Assn.)

Rocky Davidson, Chief Financial Officer

Since November 2000, Mr. Davidson has had responsibility for financial, billing, IT and other administrative functions of the Company. Mr. Davidson is a *Certified Public Accountant* and was with Mauldin & Jenkins CPAs and Consultants LLC from 1983 to November 2000. He was a partner with Mauldin & Jenkins the last 8 years. Mr. Davidson was responsible for the vision and direction of Mauldin & Jenkins Information Technology and was the recipient of the AICPA's Innovative User of Technology award for the Southeast in 1999.

Rodney Page, Vice President - Marketing and Strategic Development

Rodney has over 29 years of industry experience focused on sales management, training and profit center management while at BellSouth and as President of his own consulting firm.

George Forbes, Vice President - Information Technology

George has previous experience with BellSouth and MCI. His telecommunications experience includes technical design, systems implementation and project management.



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Local Service

Access offers the complete line of local service products... including lines, hunting (rollover), custom calling and other prevalent optional products. Additionally, voice mail and an array of digital products are available in most areas.

With Access you receive the same complete local service you're familiar with... white/yellow page listings, your listed number available on "information", 911 calls originating from your business directed to the appropriate authorities, etc.

The only change is you now contact an accessible, friendly Access representative if you have any questions or want to make any changes in your service.

Long Distance

Access offers a full range of long distance products... both domestic and international, plus switched and dedicated. Our rates are among the most competitive in the industry, however more important is our simple, straightforward and "no small print" pricing.

For domestic long distance Access charges no monthly service fee. We only charge our low per minute rate... and we bill in 6-second increments. No hassles or hidden fees.

It's easy to know what you're spending... simply multiply the number of minutes you talk times our per minute rate... the result will be your long distance charges.

And, Access' toll free service (800/888/887) is available at the same low per minute rate as our outbound long distance.

Long Distance Calling Cards


Access' long distance cards are cost effective, simple to use and backed up by some of the friendliest operators in the industry.

Our per minute rates are very cost effective... and that's all you pay. No surcharges or other premium charges. You pay just for the minutes you use.

If you need to speak to an operator when using our calling cards we think you will be pleasantly surprised. You will deal with a courteous professional, something you can't take for granted these

courteous professional, something you can't take for granted these days.

Tariff Information

International Products and Services Agreement 

Interstate Products and Services Agreement 

Adobe Acrobat Reader is required to view these contracts which are in pdf format. Click the button to the right to download it.





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Features & Benefits

Lower Business Expenses. Switch to Access for local service and save on monthly service rates for existing lines! Access will customize a telecommunications package that fits your business.

Keep Existing Numbers and Directory Listings. No hassles in changing phone numbers. Your numbers remain the same. Change has never been this simple.

Full Range of Services/Products. Local telephone service, long distance service, voicemail, hunting/rollover, travel cards, 800/888 service, interactive paging and more!

One Bill. One company to call and one bill to pay for all your Access telecommunications services and products.

Realistic Communications Solutions for Your Business. An Access representative will meet with you to discuss your needs and issues for practical communications solutions.

No Contracts. Access' simple process for hassle-free service.

Immediate, friendly, personal service and expert telecom advice from industry experienced representatives. All your inquiries and service requests are one call away.

Access is a telecommunications company with a remarkable focus on customer care. Now providing service to business in nine states throughout the Southeastern US, Access continues to supply innovative communications services tailored to each customer's needs.

Our goal is to never lose a customer. Through our extensive *Focused Care* and office communications solutions, we have a feeling we won't!



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You are our most important asset and we want you to be pleased with your choice in Access!

No contracts, great rates, reliable service and expert care. It's as simple as that.

Our representatives have years of industry experience and will provide you with cost-effective communications options for your business. Get friendly, personal service and expert telecom advice with every call. You won't get stuck in an automated menu or put on hold for lengthy periods of time. Access representatives are empowered to answer your telecommunications questions in order to give you the most hassle-free service you've ever received from a telecommunications company.

Our hassle-free service means that you will always receive competitive rates for our telecommunications service without contracts. And because we are focused on your business, we are constantly introducing value-added services to make your office communications simpler and more pleasurable.

Our Plan is simple. To Provide you with improved office communications through reliable, cost-effective service and our unmatched Focused Care



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create 'new way of life'
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Foster kids get boost
from donated service
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Go online for FREE
autographed photo
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Birch Telecom

Company Headquarters
2020 Baltimore
Kansas City, Mo. 64108
(816) 300-3000

**Alabama**

Birmingham (205) 970-0116
Huntsville (877) 942-4724
Toll-free
Mobile (251) 414-2886
Montgomery (334) 244-9458

Georgia

Atlanta
Northeast (678) 924-9898
Northwest (770) 612-0685
Augusta (706) 860-6181
Columbus (877) 672-4724
Toll-free
Macon (877) 672-4724
Toll-free
Savannah (877) 542-4724
Toll-free

Kansas

Dodge City (316) 262-5109, ext. 208
Emporia (620) 343-7071
Garden City (316) 262-5109, ext. 208
Hutchinson (316) 262-5109
Kansas City (816) 300-3333
Lawrence (785) 228-2057
Manhattan (785) 537-5188
Salina (785) 827-7624
Topeka (785) 228-2057
Wichita (316) 262-5109

Mississippi

Biloxi (877) 612-4724
Gulfport (877) 612-4724
Jackson (877) 612-4724
Pascagoula (877) 612-4724

Missouri

Kansas City (816) 300-3333
St. Louis (314) 821-6347

North Carolina

Asheville (877) 652-4724

Charlotte (704) 529-5953
Gastonia (704) 529-5953
Greensboro (336) 856-7056
Winston-Salem (336) 856-7056

Oklahoma

Oklahoma City (405) 879-0500
Tulsa (918) 493-1800

South Carolina

Charleston (843) 554-9099
Columbia (803) 252-6766
Greenville (864) 281-1535
Spartanburg (864) 281-1535

Tennessee

Chattanooga (423) 892-2737
Knoxville (865) 584-2311
Memphis (901) 362-2281
Nashville (615) 373-7073

Texas

Abilene (915) 676-3388
Amarillo (806) 356-6699
Austin (512) 338-8300
Beaumont (409) 813-1158
Corpus Christi (361) 225-3222
Dallas (972) 503-2111
El Paso (915) 351-1041
Fort Worth (817) 355-8889
Galveston (281) 990-7250
Houston
Central/West (713) 781-9477
North (281) 820-9312
South (281) 990-7250
Longview (903) 534-4922
Lubbock (806) 780-3535
Midland/Odessa (915) 570-4800
Orange (409) 813-1158
Port Arthur (409) 813-1158
San Antonio (210) 342-6300
Temple (254) 772-4844
Tyler (903) 534-4922
Waco (254) 772-4844
Wichita Falls (940) 716-9955

Choice in local service remains news to many

Businesses and consumers scored a major victory on Feb. 8, 1996, when the Telecommunications Reform Act gave them the right to choose their local telephone service provider for the first time.

Over the past six years, millions of customers have made the switch to an alternative service provider, called competitive local exchange carriers, or CLECs. But many people still fall into one of two categories: They either don't know choice is available, or they don't see the benefits in making a change.

Monopolies

For starters, there's a reason monopolies are frowned upon. Competition brings down costs for consumers and drives companies to provide better products and service. Without competition, telephone companies have little incentive beyond their own profit to develop new products and services because they have zero chance of ever losing a single customer.

Discounts of 20 percent

Probably the most attractive benefit for customers who have switched is the monthly savings they now enjoy. With some companies like Birch Telecom offering discounts of 20 percent or more, the savings make it an easy decision for many people.

But price isn't the only reason to consider a change.

Consolidated billing

Some CLECs offer multiple services on a single bill - local, long-distance, Internet access and even Web hosting - a benefit not all incumbent providers can match.

For larger businesses with numerous locations, some CLECs can provide consolidated billing across more than one state, even in more than one region of the country. And no incumbent, all of which are limited to providing service in one region, can do that.

In addition, independent industry research has shown that many CLECs provide superior customer service.

Focus on smaller businesses

According to a recent study by The Yankee Group, a global leader in technology and communications research, 75 percent of small to mid-size businesses are more satisfied with

Some CLECs offer multiple services on a single bill - local, long-distance, Internet access and even Web hosting - a benefit not all incumbent providers can match.

their new provider than they were before they switched.

Often neglected by the big monopolies, many of these smaller companies are now valued clients of CLECs and enjoy personalized service for the first time - including face-to-face consultative sales - a rarity for these businesses.

The customer education that some CLECs provide helps avoid easy-to-make but costly mistakes by making it clear what a company or consumer is buying before they purchase it. For example, no one needs call waiting on a fax line.

Easy transition and a safe choice

There's no need for potential CLEC customers to be intimidated by the prospect of switching to an alternative carrier. Calls are still routed on the same public telephone network that has served businesses and consumers for more than 100 years.

Switching telephone providers doesn't have to be complicated for the customer, either. In fact, with some CLECs, like Birch, the transition is completely transparent with no downtime. The customers even keep the same phone number. Depending on the company providing service, in most instances there also is no change in service features or functionality. For example, if *69 is the code used for call return today, that will not change.

Satisfaction guarantee

And finally, any perceived risks in changing phone providers are non-existent if the customer switches to a company that will guarantee satisfaction and help pay to switch them back to their original carrier for free if dissatisfied with their new service.

Clearly, the benefits offered by alternative local service providers can have a dramatic impact not only on the bottom line but also on the level of customer satisfaction. But you'll never know if it makes sense for you until you make that call to switch.

Dave Scott is president, CEO and co-founder of Birch Telecom. Serving small to mid-size businesses and residential customers in more than 40 markets across 10 states, the company offers a range of services on one bill, including local and long-distance. For more information about Birch, visit www.birch.com.

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Birch moves forward despite tough economy

and for battle with a new advertising campaign starring frisky, friendly leashed dog Buddy, Birch Telecom continues to unleash new products and services, expand into new territory and gain market share while many competitors are retreating.

Earlier this year, the company celebrated its fifth anniversary with more than 100,000 customers onboard. Birch's number of lines in service is now more than 350,000.

"We are excited to have built a large and growing base of customers so quickly," said Dave Scott, CEO and president of Birch. "We believe this achievement illustrates Birch's warm reception throughout the 10 states we currently serve."



Dvoracek

Recent achievements

Reaching the 100,000-customer milestone is one of many significant announcements Birch has made in the past 18 months.

During that period, the company has:

- Launched service in 14 major mar-

kets throughout Alabama, Georgia, Mississippi, North Carolina, South Carolina and Tennessee, effectively doubling its market potential.

- Launched its own DSL network in 12 major markets throughout Kansas, Missouri, Oklahoma and Texas, offering high-speed business-class Internet access with guaranteed speed to customers previously dependent upon DSL or other inferior access options.

- Completed its T1 roll-out in the same four states, offering the time-tested high-speed Internet product over a Birch-controlled network.

- And, entered the residential market in most of its business markets, extending its value proposition from the office to the home.

The beginning

Formed in 1997, Birch was one of the first companies to be certified in the Midwest to provide competitive local phone service. In February 1998, the company merged with Valu-Line

Companies of Emporia, Kan., which had provided long-distance to Kansas customers for 16 years.

Since that time, Birch has acquired companies specializing in telephone services, business phone equipment and Internet services to expand its product offerings.

Birth of Buddy

The company really started picking up steam when it used Buddy for the first time in an ad campaign to support the company's entry into Texas during the spring of 1999. Billboards soon blanketed Birch territory throughout the Midwest as well.

The buzz and media attention surrounding Birch and Buddy continued as the company expanded into Bell-South territory last year.

Back for more

After a short hiatus during the first half of 2002, Buddy has returned in a number of Birch markets.

In a new outdoor campaign developed by Kansas City-based Prairie Dog Advertising, the company returns to its early message of being a friendly, approachable company that doesn't take itself too seriously. Prairie Dog principal/founder Phil Smith served as creative director and copywriter, and Jay Henning of The Henning Studio handled art direction.

The billboards feature Buddy with irreverent text such as "Where do you do your business?" and "Get a leg up on the competition." And of course, the stumper for many people: "If you think about it, there's so much."

"Buddy has grown out of his youthful

phase but still wants to remind small business prospects that Birch is the best phone company for them," said Barry Dvoracek, Birch's director of marketing communications. "Of course, he does so in typical tongue-in-cheek fashion with a little word play that only an adorable pup can pull off."

So what's the deal with that third billboard?

"Consumers are bombarded with way too many 'Hey, look at me!' ads these days, and we decided it was high time someone put up a message that lets viewers come to their own conclusions," Dvoracek said.

Get a leg up on the competition.



Your business' best friend.

Birch

Where do you do your business?



Your business' best friend.

Birch
telecom

Stronger execution of Act needed for truly open marketplace

The Telecommunications Act of 1996, signed into law six years ago, gave alternative telephone service providers the right to exist. But according to key executives at Birch Telecom, the Act has not leveled the playing field for competitors - and benefited businesses and consumers - like it should have.

"The Act has been a very positive force in creating local telephone service competition, but there is so much more that remains to be done to achieve the kind of open marketplace that eases for long-distance and wireless services," said Dave Scott, CEO and president of Birch.

Scott called the Act "just the beginning," and likened the current state of local telephone reform to the progress long-distance reform had made by 1978. That's six years before the 1984 antitrust consent decree broke up

"Clearly, customers want the benefits of competition - lower prices, better service and innovative products - but we need stronger execution of the Act's basic objectives to achieve and maintain the level playing field necessary for a truly open marketplace."

- Dave Scott, CEO and president of Birch

AT&T and triggered the birth of widespread competition for long-distance services. Even then, ongoing regulatory and legislative pressure was required to achieve the benefits of true long-distance competition.

Like most Competitive Local

Exchange Carriers (CLECs), Birch utilizes parts of the existing public telephone network to deliver its services. Through the unbundled network element (UNE) pricing structure implemented under the Act, Birch is able to lease network elements from the local Bell company, package them into customized, Birch-branded services, and then deliver these services to its customers at significant discounts.

"The government recognized that the only way to foster competition was to force incumbent telephone providers to allow interconnection by other local providers at the same costs that they themselves have long enjoyed," said John Ivanuska, Birch's vice president of interconnection and carrier relations. "For a long time, government policy was based on the assumption that it was in the best interests of consumers to maintain the local telephone service

monopoly. The Act changed that policy, making it clear that the goal now is reduced pricing, improved service and product enhancements, all of which will flourish in a competitive environment."

Obviously, the Bells are reluctant to let go of their market share. While Birch's senior leadership freely admits the Bells have made progress in opening up their networks, there is still a long way to go. Millions of dollars worth of fines have been levied against the Bells each year.

"We knew breaking up a monopoly was never going to be an easy fight," Scott said. "You can't out-resource the Bells. We don't have their lobbying power, but when we do get the chance to talk with regulators, the facts speak for themselves."

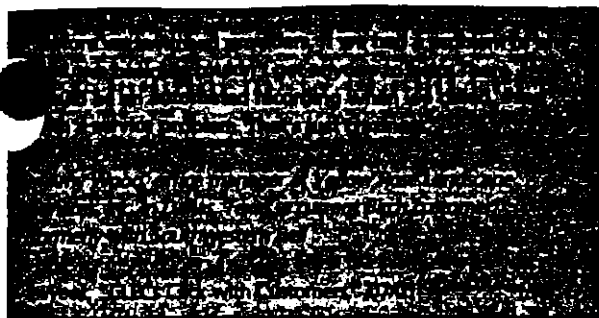
This past May, the Supreme Court upheld rules in the Act that allowed the

FCC to set rates for network elements that are leased to CLECs.

Longer term, Scott believes the Bells and competitors will find a way to coexist. Meanwhile, Birch will continue to press for compliance with the intent of the Act, while at the same time exploring technical innovations that can reduce reliance on the Bells.

For example, Birch has been active in exploring soft switch technology, which promises to deliver cutting-edge communication capabilities and additional savings for consumers. The switches could even offer customers the ability to modify services through the Internet in near real time.

"Clearly, customers want the benefits of competition - lower prices, better service and innovative products - but we need stronger execution of the Act's basic objectives to achieve and maintain the level playing field necessary for a truly open marketplace," Scott said.



Three new packages give consumers options at home

Earlier this year, Birch Telecom launched three local and long-distance telephone service bundles that promise to give residential consumers more flexibility to choose the features and services they want without paying for a lot of extras.

In addition, two of Birch's three Home ConnectionSM packages include blocks of anytime, anywhere long-distance service.

"Not all customers are the same, and Birch is simply responding to the demand for a choice in phone service plans, just as we've always responded to the demand for competitive local service," said Dave Scott, CEO, president and co-founder. "Competition is making the days of one-size-fits-all packages a thing of the past. Our customers can select the features that more closely meet their needs and are most important to them."

For a flat monthly fee, Birch's basic Home Connection package combines a telephone line with Caller ID, Call Waiting and Call Waiting ID Options, plus the choice of two additional features from the following list:

- Auto Redial/Call Return/Three-Way Calling, which counts as one feature
- Call Blocker
- Call Forward Busy Line/No Answer
- Call Forward Variable (with Remote Access)
- Distinctive Ring
- Priority Call
- Selective Call Forward
- Speed Dialing

The Home Connection Plus package includes a basic line with Caller ID, Call

"Our local service packages are always priced less for the features you need, there's no cost to switch and your phone number and directory listings stay exactly the same."

— Tom Edmondson, Birch Telecom's director of residential services

Waiting, Call Waiting ID Options and a choice of one additional feature, plus 30 minutes of domestic long-distance per month. The third package, Home Connection Premium, is the same with 90 minutes of long-distance instead of 30.

Additional features can be added to any of the three bundles for about \$2 a month. Long-distance - for customers who need more minutes than the blocks provide - is as low as 7 cents a minute, depending on the package. Metro lines and extended area calling plans, both of which increase the local calling area, are available in select markets.

"Our local service packages are always priced less for the features you need, there's no cost to switch and your phone number and directory listings stay exactly the same," said Tom Edmondson, Birch's director of residential services.

For more information or to sign up for service, call toll-free (866) 347-3843. Or, check availability and pricing for your neighborhood by visiting Birch's residential site: www.birch.com/atHome.

Doing business wi

From local to long-distance, Birch Telecom offers businesses in the Southeast a full suite of telephone services on one simple bill.

Local offices, page 2

"We've built our company on the belief that everyone deserves the best telephone services available," said Dave Scott, CEO, president and co-founder of Birch. "We pride ourselves on being a customer-focused alternative for businesses often neglected by other providers."

"Thanks to products that provide the value, reliability and functionality a customer needs to thrive in today's competitive economy, we now serve in excess of 100,000 customers in more than 40 markets across 10 states."

"Proven record of success"

The Telecommunications Act of 1996 gave alternative local telephone service providers like Birch the right to exist.

As a result, small to mid-size businesses now enjoy benefits once reserved for major corporations such as:

- An audit of their existing local and long-distance services, and the resulting satisfaction from getting — and paying for — the exact products and services needed, and no more.
- The simplicity of dealing with one company for all of those services, and paying one simple monthly bill.
- Customer service representatives who are friendly, responsive and willing to go the extra mile.
- Monthly savings of 15 to 20 percent or more.

"Through the years, we've noticed and reacted to changes in the market and the evolving needs of our customers," Scott said. "We know that today you need more than the promise of lower monthly bills to make the decision to switch. You want to be confident that the company you choose has a proven record of success. You want

"Through the years, we've noticed and reacted to changes in the market and the evolving needs of our customers. We know that today you need more than the promise of lower monthly bills to make the decision to switch. You want to be confident that the company you choose has a proven record of success. You want a company that delivers the same reliability you've enjoyed in the past. And, you want a company that uses sound, fundamental business practices that will enable it to thrive for years to come. Birch is that company."

— Dave Scott, CEO, president and co-founder of Birch Telecom

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Expansion into the Southeast

In 2001, customers joined Birch at a record pace. For many of them, it was reassuring to know that their service would be delivered over the same public telephone network that served them so reliably in the past.

Customers in 26 new markets across six new states chose to make the switch to Birch last year as the company expanded its service area from the Midwest and Texas to the Southeastern U.S.

"Going forward, customers continue to enjoy increased productivity and savings



Birch Telecom serves in ex

as we roll out new products to meet the demands created by an ever-evolving market," said Steve Faulkner, Birch's senior vice president of product management and marketing. "We now offer residential service in the 10 states we serve, and you can even include your residential charges on your monthly business invoice."

"So as your needs change, we'll

th Birch: Company offers local and long-distance at competitive prices with friendly customer service and an easy transition

Long-distance

Birch offers anytime, anywhere long-distance service for as little as 4.9 cents a minute.

"Morning calls to Early Bird, Florida. Late chats with Midnight, Idaho. Even in-state calls during the middle of the day. With Birch long-distance service, there's no more worrying about timetables or geography," Faulkner said. "You always get a low, flat rate. And that rate drops even lower with our volume discounts and Price & Service Protection Plan. Plus, Birch bills all your domestic long-distance calls in increments of just six seconds, so you only pay for what you use."

An easy transition

While the world of telecom can certainly seem complicated, Birch's experts thrive on simplicity.

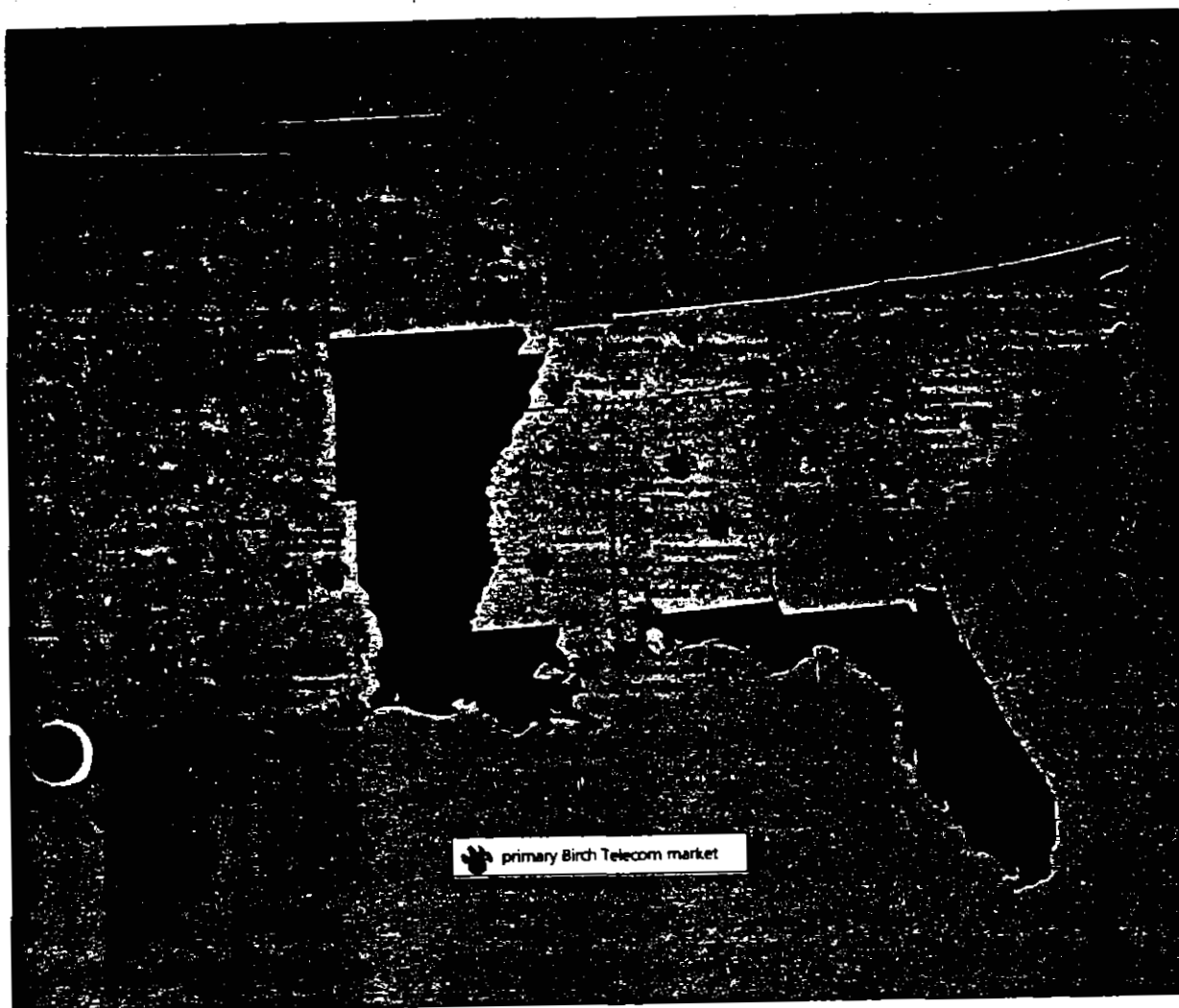
"When you switch to Birch, your phone number and directory listings remain the same so you won't need to produce new business cards and letterhead," Scott said. "The only changes you'll make are the ones you want to make."

In addition, the conversion to Birch doesn't involve a service interruption or require access to the customer's place of business.

"The first — and only — interruption you should experience is when we call to say, 'Welcome to Birch!'" Faulkner said. "The service features and functionality you know and use now won't change either. For example, if you dial *69 to use Call Return today, you'll dial *69 with Birch."

"Your conversion to Birch is transparent," he added, "meaning we do the research, the paperwork and the legwork, while you stay focused on running your business."

For more information about Birch, visit www.birch.com.



access of 100,000 customers across more than 40 markets.

make sure we have the products and services you need to remain competitive."

Local service

Birch designs its local service products primarily for small to mid-size businesses, which have historically been ignored by incumbent phone companies.

For example, Birch's SmartBizSM bun-

dles offer one-line customers everything needed to keep in touch around town and across the country. Service can be customized with the most popular features and include either 30 or 130 minutes of long-distance.

"And since each plan has a set monthly price, you'll always know what to expect when the bill arrives," Faulkner said. "Even if you use more long-distance,

you'll still save with our low per-minute rates."

The company's optional Price & Service Protection Plan not only discounts prices on local service for business customers in exchange for signing a contract, but if rates drop even more, Birch will proactively notify them and offer them the better deal.

In addition, Birch's service guarantee

allows customers to terminate an agreement — which is not required but includes incentives — if Birch fails to produce as promised within specified timeframes. The company will even help offset the costs to switch them back to their previous provider if they leave during the first 90 days of the agreement for performance issues as specified in the commitment.

[illegible]

"We see this as a great way of rewarding small mid-size businesses for their loyalty. The response from customers so far has been extremely positive," —Steve Faulkner, Birch's senior vice president of product management and marketing

- 75 percent or small to mid-size businesses are more satisfied with their new phone company than they were with their previous provider
- About 70 percent said they were more satisfied with the new prices they pay as well

— The Yankee Group

- The surviving CLECs (young telephone companies) are well-positioned to challenge incumbents with innovative products, better customer service and lower prices
- By 2005, CLEC revenues in the U.S. will exceed \$110 billion

— In-Stat

technology and communications research showed that CLECs were much better at providing personal customer service and gaining customer loyalty. In particular, CLECs have been very productive in targeting small to mid-sized businesses. In fact, the Yankee Group survey revealed that 75 percent of those businesses are more satisfied with their new phone company than they were with their previous provider. About 70 percent said they were more satisfied with the new prices they pay as well.

"It is clear that CLECs are setting the standard for not only price, but more importantly, customer service," said Mike Lammella, an analyst with The Yankee Group. "CLECs are positioned well to make greater wallet share as CFBs (small to mid-size businesses) look to buy bundled packages of voice and data services."

A 2001 report written by telecom industry researchers In-Stat concluded

"It is clear that CLECs (Competitive Local Exchange Carriers) are setting the standard for not only price, but more importantly, customer service," - Mike Launella, The Yankee Group analyst

representative Anglo-Americans, based in Europe, Asia, and Africa, as the market is everywhere.



fundraising campaign and is then adopted.

- 1999 - Birch selects Buddy I (Clayton) as the company's advertising icon.
- 2000 - Birch needs new speaking partners, and the agency finds Christine (Buddy II) with the assistance of the Humane Society.

Loyal, dependable and fun

Buddy has come to symbolize everything Birch stands for as a company.

"Like a lifelong pet, Birch is dependable, fun-loving and loyal to its customers," said Barry Dworkov, director of marketing communications for Birch.

Dworkov credited Buddy with softening a sometimes aggressive but always intriguing attack of the competition, and helping illustrate the frustration that small businesses often have with the big phone company.

"Buddy helps reinforce to small businesses the feeling that they're supported by an understanding who is willing to take on any opponent, no matter the size," Dworkov said.



Recently adopted youngsters Shawn Scott, left, and Michael McGrawy-Scott, right, get assistance from their father, Milton Scott, as they use one of the calling cards donated by Birch Telecom at The Shelter in Lawrence, Kan.

Donated long-distance lifts spirits of foster kids

Hundreds of foster children separated from friends and relatives were able to stay in touch with their loved ones during the holiday season last year, thanks to long-distance donated by Birch Telecom.

"It really lifted the spirits of the children," said Becky Simons-Batman of The Shelter in Lawrence, Kan., which is near Birch's corporate headquarters in Kansas City, Mo. "We had a great number of children who had to leave their homes and their communities for various reasons. The holidays are the time of year when they really want to call their families."

The gift grew out of a request by Simons-Batman, who contacted Birch about providing pre-paid calling cards for the home's children.

"We thought it was a great idea and wanted to help," said Dave Scott, Birch CEO and president. "Just in time for Christmas, we discovered some damaged calling cards that were targeted for disposal. The donation enabled us to put those cards to good use."

The company refurbished the cards, which were distributed to children in 14

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— Becky Simons-Batman
of The Shelter
in Lawrence, Kan.

foster-care programs across Kansas, Missouri, North Carolina, South Carolina, Tennessee and Texas.

In total, more than 14,000 minutes of long-distance was donated.

Response from the program was so positive that Birch has decided to expand the donation this year to include even more cities.

"At Birch, we like to do what we can to help the communities we serve," said Barry Dvornick, Birch's director of marketing communications. "This program is just a small way for us to contribute to one of the most worthy causes in our communities."

FOSTER PROGRAMS

The Farm
Emporia, Kan.
(620) 343-7746

The Shelter
Lawrence, Kan.
(785) 843-2085

St. Francis Center
Salina, Kan.
(785) 825-5229

Kansas Children's Service
League
Topeka/Manhattan, Kan.
(785) 539-3193

United Methodist Youthville
Wichita, Kan.
(800) 593-1950

Kaw Valley Center
Kansas City metro area
(913) 621-4641

Gaston County Social Services
Gastonia, N.C.
(704) 862-7530

Host Homes
Winston-Salem, N.C.
(336) 725-4678

Ellen Hines Smith Girl's Home
Spartanburg, S.C.
(864) 573-9223

Spartanburg Children's Shelter
Spartanburg, S.C.
(864) 583-7688

Smoky Mountain
Children's Home
Knoxville, Tenn.
(865) 453-4644

High Plains Children's Shelter
Amarillo, Texas
(806) 622-2272

Buckner Children's Village
Beaumont, Texas
(409) 866-0976

Children's Home of Lubbock
Lubbock, Texas
(806) 762-0481

The right choice for your business. Right now.

You're busy. You wear a lot of hats. And you make a lot of tough decisions every day. But there's one you may not have made yet that's really pretty simple, and it could mean a lot to your bottom line.

Let a friendly Birch representative conduct an audit of your telecommunications services right in your office. Odds are we can save you 15% to 20%. Plus we'll simplify your life by putting it all on one easy-to-read invoice.

We're already taking care of more than 100,000 customers across 10 states. Let us do the same for your business. It's not just an easy choice, it's the right one to make — right now.

Check us out at www.birch.com.



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